

Report exempt sales on line 4

After last month's Sales Tax Holiday in Iowa, many retailers are facing a new challenge when filing their state sales tax returns – how to report those tax exempt sales.

Completing the return correctly is not difficult. Report **all** sales (taxable and exempt) on line 1. Complete lines 2 and 3 as usual. Sales of exempt clothing and footwear made during the Holiday (along with any other exempt sales you made) are entered on line 4.

Important Note: You must also complete the exemptions worksheet, which is included with

your return. You should write "Holiday" on line 22 of the exemptions worksheet. Write in the total amount of exempt Holiday sales you made during the Sales Tax Holiday. Add this amount to any other exempt sales you have on this worksheet. Transfer the amount on line 23 to line 4 on the front of the return.

Many filers have not been required to submit the exemptions worksheet with the return. This requirement has not changed. They are not to submit the exemptions worksheet, but they should retain it in their files.

W-2, 1099 copies no longer required

Because the department has access to Federal W-2 information, employers are no longer required to send paper or electronic copies of W-2s or 1099s with the Verified Summary

of Payments report. The VSP itself must still be sent. Employers are, as always, required to keep copies of the W-2s and 1099s for three years from the end of the year for which the forms apply.

Fed power of attorney form must be altered for Iowa use

An article about the new Iowa power of attorney form in the last issue of this newsletter requires clarification.

The new IA 2848 is similar to federal form 2848. Under new department rules, the federal 2848 can be submitted to the department instead of the Iowa form.

However, **the federal 2848 must be altered to cross out all references to the IRS before it will be accepted by the department.**

Practitioners may use their assigned federal practitioner tax identification number on the Iowa form instead of their Social Security Numbers.

Local option tax 'suspended' in 3 Buchanan County cities

The local option sales tax law currently in effect in the Buchanan County cities of Aurora, Lamont and Stanley will expire before a new law to continue the tax can take effect. As a result, the regular local option tax is not effective in these cities beginning October 1, 2000, through December 31, 2000. The tax in these cities will

become effective again on January 1, 2001.

Businesses that collect the tax in error during this period must remit it with their tax returns or return it to their customers. Customers who pay the tax in error may request a refund from the department if the retailer has not previously returned the tax to them.

DEPARTMENT SERVICES

ONLINE

Internet Address (URL)

www.state.ia.us/tax

Iowa Tax Research Library

<http://itrl.state.ia.us>

E-mail

idr@idr.state.ia.us

BY TELEPHONE

To Talk to a Tax Specialist

from Des Moines
or out of state,

(515) 281-3114

from elsewhere in Iowa or
Rock Island-Moline or Omaha

1-800-367-3388

To Order Iowa Tax Forms

**(515) 281-7239 or
1-800-532-1531**

"Where's My Refund?"

**(515) 281-4966 or
1-800-572-3944**

BY FAX

*Receive Iowa Tax Forms through
department's Tax-Fax System*

1-800-572-3943

To Fax to Taxpayer Services

(515) 242-6487

Declaratory Orders

Following are summaries of two declaratory orders. The complete text of each can be found on the department's Tax Research Library at www.itrl.state.ia.us

Cauldwell Financial Group

On July 12, 2000, the Director issued a Declaratory Order in the Petition of Cauldwell Financial Group, Inc. In this Petition, the sole issue is whether the management of a discretionary account by the Petitioner constitutes the taxable service of investment counseling pursuant to Iowa Code section 422.43(11)(1999) as implemented by department rule 701 IAC 26.7.

American Packaging Corporation

On June 8, 2000, the director signed a declaratory order in the matter of American Packaging Corporation, docket no. 00-30-6-0058. The petitioner printed packaging materials for customers who resold those materials to various third parties. It used printing plates to do this. The Petitioner's customers never took possession of those plates. The petitioner retained possession of the plates and used them to print the packaging materials until an artwork change was called for. At that time, the printing plates were destroyed and new plates ordered and used.

Local option sales taxes effective dates change

The regular local option sales tax and the school local option sales tax can now become effective only twice each year, beginning July 1, 2000.

The effective dates are July 1 and January 1 of each year.

In addition, jurisdictions must now notify the department of any

change at least 90 days before the effective date. This means that updates to the lists will be available on our website two months prior to the effective dates. Web lists include all cities, incorporated and unincorporated, and their sales tax status. The lists are located in our Business Taxes category.

Remit withholding payments electronically

All withholding payments may now be remitted through electronic funds transfer, regardless of amount.

The department is encouraging every withholding agent to remit payments by this direct payment method. It is safe, efficient, and confidential.

For more information, go to our website and the Publications category. Scroll down to "Do you have employees?" and select "Remit withholding electronically!" If you do not yet have web access, you may call 1-800-338-4692 and ask for EFT booklet 90-201.

**The Iowa Department of Revenue and Finance e-mail
address has been changed to idr@idr.state.ia.us**

IOWA "REGULAR" LOCAL OPTION SALES TAX JURISDICTIONS

All jurisdictions have a regular local option rate of 1%. * Indicates the county also has the school local option tax.
These rates are effective through December 31, 2000. New jurisdictions may be added January 1, 2001.

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Allamakee / 03	Harpers Ferry, Postville, Waterville	1-1-95
	Waukon	1-1-96
	Lansing, New Albin	7-1-96
	Unincorporated Area	10-1-97
Appanoose / 04	Mystic, Plano	7-1-99
Audubon / 05	Brayton, Gray	1-1-99
Black Hawk / 07 *	Cedar Falls, Elk Run Heights, Evansdale, Hudson, Raymond, Waterloo	4-1-91
	Dunkerton, Gilbertville, Janesville, La Porte City, Unincorporated Area	10-1-91
Boone / 08	Berkley, Luther, Pilot Mound	4-1-89
	Boone	7-1-90
	Boxholm, Ogden, Sheldahl, Unincorporated Area	1-1-91
	Madrid	7-1-91
	Fraser	1-1-92
	Beaver	1-1-95
Bremer / 09	Frederika, Sumner, Tripoli	4-1-98
Buchanan / 10	see story on page 1	
	Fairbank, Hazleton, Jesup, Winthrop	10-1-98
Buena Vista / 11	Albert City, Linn Grove, Marathon, Newell, Sioux Rapids, Truesdale	7-1-91
	Alta, Lakeside, Rembrandt, Storm Lake, Unincorporated Area	10-1-95
Butler / 12	Allison, Aplington, Aredale, Bristow, Dumont, Greene, New Hartford, Parkersburg	1-1-97
	Clarksville, Shell Rock, Unincorporated Area	1-1-00
Cass / 15	Anita, Cumberland, Griswold, Lewis, Marne, Massena, Wiota	1-1-97
	Atlantic, Unincorporated Area	10-1-97
Cerro Gordo / 17	Clear Lake, Dougherty, Mason City, Meservey, Plymouth, Rock Falls, Rockwell, Swaledale, Thornton, Ventura	7-1-92
	Unincorporated Area	1-1-93
Cherokee / 18	Aurelia, Cleghorn, Larrabee, Marcus, Meriden, Washta	7-1-96
	Quimby	1-1-98
Chickasaw / 19	Alta Vista, Bassett, Fredericksburg, Ionia, Lawler, Nashua, New Hampton, North Washington, Unincorporated Area	4-1-97
Clarke / 20	Murray, Osceola, Woodburn, Unincorporated Area	4-1-00
Clay / 21	Dickens, Everly, Fostoria, Gillett Grove, Greenville, Peterson, Rossie, Royal, Spencer, Webb, Unincorporated Area	1-1-99
Clayton / 22	McGregor	1-1-90
	Elkader, Garnavillo, Luana, Millville, Marquette, Saint Olaf	4-1-94
	Elkport, Farmersburg, Garber, Guttenberg, Littleport, Monona, Volga	10-1-94
	Edgewood, North Buena Vista, Strawberry Point, Unincorporated Area	10-1-95
Clinton / 23	Andover, Calamus, Camanche, Clinton, Delmar, De Witt, Goose Lake, Grand Mound, Low Moor, Toronto, Welton, Wheatland	10-1-89
	Charlotte, Lost Nation, Unincorporated Area	1-1-90
Crawford / 24	Arion, Aspinwall, Buck Grove, Charter Oak, Deloit, Denison, Dow City, Kiron, Manilla, Ricketts, Schleswig, Vail, Westside, Unincorporated Area	1-1-99
Dallas / 25	Bouton, Minburn, Perry, Redfield	1-1-99

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Decatur / 27	Davis City, Decatur, Garden Grove, Grand River, Lamoni, Leroy, Pleasanton, Van Wert	1-1-97
Delaware / 28	Colesburg, Delaware, Delhi, Earlville, Greeley, Manchester, Masonville	10-1-94
	Dundee, Dyersville, Hopkinton, Ryan, Unincorporated Area	4-1-95
	Edgewood	4-1-96
Des Moines / 29 *	Burlington, Danville, Middletown, West Burlington	10-1-94
	Mediapolis, Unincorporated Area	4-1-95
Dickinson / 30	Lake Park, Okoboji, Orleans, Spirit Lake, Superior, Terril	4-1-97
	Arnolds Park, Milford, Wahpeton, West Okoboji, Unincorporated Area	1-1-98
Dubuque / 31	Asbury, Balltown, Centralia, Dubuque, Holy Cross, Sageville, Zwingle	4-1-88
	Bankston, Bernard, Epworth, Farley, Graf, Peosta, Sherrill, Unincorporated Area	7-1-88
	Cascade, Dyersville, Luxemburg, New Vienna, Rickardsville, Worthington	10-1-89
Emmet / 32 *	Armstrong, Ringsted	1-1-98
Fayette / 33	Arlington, Clermont, Elgin, Hawkeye, Maynard, Oelwein, Randalia, St. Lucas, Wadena, Waucoma, Westgate	1-1-95
	Fayette, West Union, Unincorporated Area	7-1-95
	Fairbank	1-1-00
Floyd / 34	Floyd, Marble Rock, Nora Springs, Rockford, Rudd	10-1-96
	Charles City, Colwell, Unincorporated Area	10-1-97
	Unincorporated Area	10-1-98
Franklin / 35	Coulter, Dows, Geneva, Hansell, Latimer, Sheffield	10-1-95
	Hampton, Popejoy, Unincorporated Area	10-1-96
Fremont / 36	Farragut, Hamburg, Imogene, Randolph, Riverton, Shenandoah, Sidney, Tabor, Thurman, Unincorporated Area	1-1-96
Grundy / 38	Beaman, Dike, Grundy Center, Holland, Wellsburg	1-1-99
	Morrison, Stout, Unincorporated Area	10-1-99
Hancock / 41	Corwith, Crystal Lake, Garner, Goodell, Kanawha, Klemme, Woden	1-1-96
	Britt, Unincorporated Area	1-1-97
	Unincorporated Area	7-1-98
Hardin / 42	Alden, Buckeye, Eldora, Hubbard, Iowa Falls, Radcliffe, Steamboat Rock, Unincorporated Area	4-1-96
	Ackley, New Providence, Owasa, Union, Whitten	1-1-97
Harrison / 43	Dunlap, Little Sioux, Mondamin, Persia, Pisgah	10-1-97
	Logan, Magnolia, Missouri Valley, Modale, Woodbine	10-1-98
Henry / 44	Coppock, Hillsboro, Mount Pleasant, Mount Union, New London, Olds, Rome, Salem, Westwood, Winfield	10-1-95
	Wayland, Unincorporated Area	1-1-96
Howard / 45	Chester, Cresco, Lime Springs, Protivin	1-1-94
	Elma, Unincorporated Area, Riceville	7-1-94
	Unincorporated Area	1-1-95
Ida / 47	Galva	4-1-97
Iowa / 48	Ladora, North English, Parnell, Williamsburg	4-1-94
	Marengo, Millersburg, Victor, Unincorporated Area	4-1-95

Local Option Sales Tax List continued

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Jackson / 49	Baldwin, La Motte, Miles, Preston, Sabula, Saint Donatus, Spragueville, Springbrook	10-1-89
	Bellevue, Zwingle	4-1-91
	Maquoketa, Monmouth	10-1-94
	Andrew, Unincorporated Area	1-1-95
Jefferson / 51	Fairfield, Libertyville, Lockridge, Packwood	4-1-99
	Batavia, Pleasant Plain	1-1-00
	Unincorporated Area	
Jones / 53	Cascade, Center Junction, Morley, Olin, Onslow, Oxford Junction	4-1-95
	Monticello, Wyoming	1-1-96
	Anamosa	1-1-99
	Unincorporated Area	10-1-99
Kossuth / 55	Algona, Bancroft, Burt, Fenton, Lakota, Ledyard, Lone Rock, LuVerne, Swea City, Titonka, Wesley, West Bend, Whittemore	7-1-99
	Unincorporated Area	10-1-99
Lee / 56 *	Fort Madison, Franklin, Keokuk, Montrose	10-1-91
	St. Paul	1-1-93
	Donnellson, Houghton, West Point, Unincorporated Area	1-1-95
Linn / 57	Bertram	1-1-86
	Prairieburg	10-1-98
Lucas / 59	Chariton, Derby, Lucas, Russell, Williamson	4-1-98
Lyon / 60	Alvord, Doon, George, Inwood, Lester, Little Rock, Rock Rapids, Unincorporated Area	10-1-96
Mahaska / 62	Barnes City, Beacon, Fremont, Keomah Village, Leighton, New Sharon, Oskaloosa, Rose Hill, University Park, Unincorporated Area	4-1-95
	Eddyville	10-1-95
Marshall / 64	Liscomb	1-1-97
	Ferguson, Marshalltown, Melbourne, Rhodes, Saint Anthony	4-1-00
	Albion, Clemons, Gilman, Haverhill Laurel, LeGrand, State Center, Unincorporated Area	7-1-00
Mills / 65	Emerson, Henderson, Malvern, Tabor ...	1-1-96
Mitchell / 66	Carpenter, Mitchell, Orchard, Osage, Riceville, St. Ansgar, Stacyville	1-1-95
	McIntire, Unincorporated Area	7-1-95
Monona / 67 *	Blencoe, Castana, Mapleton, Moorhead, Onawa, Rodney, Soldier, Turin, Ute, Whiting, Unincorporated Area	7-1-90
Montgomery / 69 *	Coburg, Elliott, Stanton, Villisca	1-1-96
	Grant	4-1-96
	Red Oak, Unincorporated Area	4-1-99
Muscatine / 70 *	Atalissa, Conesville, Fruitland, Muscatine, Stockton, Wilton	7-1-94
	Nichols, Unincorporated Area	1-1-95
	West Liberty	7-1-95
O'Brien / 71	Archer, Calumet, Paullina, Primghar, Sanborn, Sheldon, Sutherland, Unincorporated Area	1-1-96
	Hartley	7-1-98
Page / 73	Blanchard, Braddyville, Coin, College Springs, Essex, Shambaugh, Shenandoah, Yorktown	1-1-96
	Clarinda, Hepburn, Northboro, Unincorporated Area	7-1-96
Palo Alto / 74	Ayrshire, Curlew, Cylinder, Graettinger, Mallard, Rodman, Ruthven, West Bend, Unincorporated Area	4-1-00
	Emmetsburg	7-1-00

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Plymouth / 75	Hinton, Kingsley, Merrill, Oyens, Struble, Westfield	10-1-98
Polk / 77 *	Polk City	1-1-86
	Sheldahl	7-1-87
Pottawattamie / 78	Macedonia, Minden	1-1-89
	Council Bluffs	4-1-90
	Avoca, Carson, Carter Lake, Crescent, Hancock, McClelland, Neola, Oakland, Treynor, Underwood, Walnut Unincorporated Area	1-1-95
		4-1-95
Scott / 82 *	Bettendorf, Blue Grass, Buffalo, Davenport, Dixon, Donahue, Eldridge, LeClaire, Long Grove, Maysville, McCausland, New Liberty, Panorama Park, Princeton, Walcott, Riverdale, Unincorporated Area	1-1-89
	Durant	4-1-97
Shelby / 83 *	Defiance, Earling, Elk Horn, Irwin, Portsmouth, Shelby, Tennant, Westphalia	1-1-98
	Kirkman	1-1-99
Sioux / 84	Alton, Boyden, Chatsworth, Granville, ... Hawarden, Hull, Ireton, Matlock, Maurice, Orange City, Sioux Center, Unincorporated Area	10-1-95
	Hospers, Rock Valley, Sheldon	7-1-96
Story / 85	Ames, Huxley	1-1-87
	Cambridge, Collins, Colo, Gilbert, Kelley, McCallsburg, Roland, Sheldahl, Slater, Unincorporated Area	7-1-87
	Nevada, Maxwell, Zearing	1-1-89
	Story City	10-1-90
Wapello / 90	Agency, Blakesburg, Eddyville, Eldon, .. Kirkville, Ottumwa, Unincorporated Area	7-1-98
Winnebago / 95	Buffalo Center, Forest City, Lake Mills, Leland, Rake, Scarville, Thompson, Unincorporated Area	10-1-99
Winneshiek / 96	Decorah	4-1-91
	Calmar, Castalia, Fort Atkinson, Jackson Junction, Ossian, Ridgeway, Spillville, Unincorporated Area	7-1-91
Woodbury / 97 *	Bronson, Cushing, Merville, Oto, Salix, Sergeant Bluff, Sioux City, Sloan	1-1-87
	Anthon, Correctionville, Danbury, Hornick, Lawton, Pierson, Smithland, Unincorporated Area	10-1-88
Worth / 98	Fertile, Grafton, Hanlontown, Joice, Kensett, Manly, Northwood	1-1-97
	Unincorporated Area	7-1-97

* Indicates the county also has the school local option tax

School Infrastructure Local Option Jurisdictions (additional countywide tax)

Black Hawk County / 07	effective 10-1-99	1%
Des Moines County / 29	effective 4-1-99	1%
Emmet County / 32	effective 7-1-99	1%
Lee County / 56	effective 1-1-00	1%
Monona / 67	effective 10-1-99	1%
Montgomery/69	effective 7-1-00	1%
Muscatine/70	effective 7-1-00	1%
Polk/77	effective 7-1-00	1%
Scott County / 82	effective 7-1-99	1%
Shelby County / 83	effective 1-1-99	1%
Webster County / 94	effective 7-1-99	0.5%
Woodbury County / 97	effective 10-1-98	1%